

Mains						
Invested \$	Accum. Invested \$	1.89% QIPS Depr.	Accum. QIPS Depr.	Retirement	1.89% Retire Depr.	Act Net Depr.
Jan-02	-	-	-	-	-	-
Feb-02	-	-	-	-	-	-
Mar-02	-	-	-	-	-	-
Apr-02	-	-	-	-	-	-
May-02	-	-	-	-	-	-
Jun-02	-	-	-	-	-	-
Jul-02	-	-	-	-	-	-
Aug-02	-	-	-	-	-	-
Sep-02	-	-	-	-	-	-
Oct-02	-	-	-	-	-	-
Nov-02	-	-	-	-	-	-
Dec-02	107,526.58	107,526.58	169.00	169.00	(12,082.00)	(19.00)
Total	107,526.58	107,526.58	169.00	169.00	(12,082.00)	(19.00)

Services						
Invested \$	Accum. Invested \$	3.33% QIPS Depr.	Accum. QIPS Depr.	Retirement	3.33% Retire Depr.	Act Net Depr.
Jan-02	-	-	-	-	-	-
Feb-02	-	-	-	-	-	-
Mar-02	-	-	-	-	-	-
Apr-02	-	-	-	-	-	-
May-02	-	-	-	-	-	-
Jun-02	-	-	-	-	-	-
Jul-02	-	-	-	-	-	-
Aug-02	-	-	-	-	-	-
Sep-02	-	-	-	-	-	-
Oct-02	-	-	-	-	-	-
Nov-02	-	-	-	-	-	-
Dec-02	1,006.75	1,006.75	3.00	3.00	(100.00)	-
Total	1,006.75	1,006.75	3.00	3.00	(100.00)	-

Meters						
Invested \$	Accum. Invested \$	6.21% QIPS Depr.	Accum. QIPS Depr.	Retirement	6.21% Retire Depr.	Act Net Depr.
Jan-02	-	-	-	-	-	-
Feb-02	-	-	-	-	-	-
Mar-02	-	-	-	-	-	-
Apr-02	-	-	-	-	-	-
May-02	-	-	-	-	-	-
Jun-02	-	-	-	-	-	-
Jul-02	-	-	-	-	-	-
Aug-02	-	-	-	-	-	-
Sep-02	-	-	-	-	-	-
Oct-02	-	-	-	-	-	-
Nov-02	-	-	-	-	-	-
Dec-02	-	-	-	-	-	-
Total	-	-	-	-	-	-

Hydrants						
Invested \$	Accum. Invested \$	3.95% QIPS Depr.	Accum. QIPS Depr.	Retirement	3.95% Retire Depr.	Act Net Depr.
Jan-02	-	-	-	-	-	-
Feb-02	-	-	-	-	-	-
Mar-02	-	-	-	-	-	-
Apr-02	-	-	-	-	-	-
May-02	-	-	-	-	-	-
Jun-02	-	-	-	-	-	-
Jul-02	-	-	-	-	-	-
Aug-02	-	-	-	-	-	-
Sep-02	-	-	-	-	-	-
Oct-02	-	-	-	-	-	-
Nov-02	-	-	-	-	-	-
Dec-02	-	-	-	-	-	-
Total	-	-	-	-	-	-

Total						
Invested \$	Accum. Invested \$	QIPS Depr.	Accum. QIPS Depr.	Retirement	Retire Depr.	Act Net Depr.
Jan-02	-	-	-	-	-	-
Feb-02	-	-	-	-	-	-
Mar-02	-	-	-	-	-	-
Apr-02	-	-	-	-	-	-
May-02	-	-	-	-	-	-
Jun-02	-	-	-	-	-	-
Jul-02	-	-	-	-	-	-
Aug-02	-	-	-	-	-	-
Sep-02	-	-	-	-	-	-
Oct-02	-	-	-	-	-	-
Nov-02	-	-	-	-	-	-
Dec-02	108,533.33	108,533.33	172.00	172.00	(12,182.00)	(19.00)
Total	108,533.33	108,533.33	172.00	172.00	(12,182.00)	(19.00)
12 Mo.Average		9,044.44		14.33		

ActNetQIP = \$ 9,030.11
 ActNetDep = \$ 153.00
 PTR = 12.76% from Sched. QIPS
 QIP Cost = (ActNetQIP x PTR from Sched. (F)(2))
 QIP Cost = (\$9,030.11 x 12.76%) + \$153.00
 QIP Cost = \$ 1,305.24

**CIWC-Woodhaven Water
2002 QIP Rider
Reconciliation**

**2002 Actual QIPS Revenues
(Section 656.80 (f)(2))**

**Exhibit C
Schedule (f)(2)**

	QIPS Revenue
Jan-02	10.13
Feb-02	1,968.33
Mar-02	13.61
Apr-02	1,991.52
May-02	43.78
Jun-02	2,023.51
Jul-02	82.51
Aug-02	2,030.22
Sep-02	57.72
Oct-02	2,000.75
Nov-02	21.42
Dec-02	1,985.34
Total	<u>12,228.84</u>

ActNetQIP = \$ 9,030.11
PTR : 12.76%
ActNetDep \$ 153.00
QIP Rev = 12,228.84
Rpy = \$0.00
Opy = \$0.00
EEA = \$0.00

$$R = (\text{ActNetQIP} \times \text{PTR}) + \text{ActNetDep} - \text{QIPRev} + \text{Rpy} + \text{Opy} - \text{EEA}$$
$$R = (\$9,030.11 \times 12.76\%) + \$153.00 - \$12,228.84 + 0 + 0 - 0$$

$$R = \$ (10,923.60)$$

The "R" Factor will be reflected in an Information Sheet filed on or before March 26, 2003, showing a revised QIPS Surcharge percentage to become effective under the QIPS Rider on April 1, 2003.

CIWC-Woodhaven Water 2002 QIP
Rider Reconciliation

2002 Actual Operating Income and Rate Base
(Section 656.80 (f)(4))

Exhibit C
Schedule (f)(4)
Revised

	12/31/02	11/30/02	10/31/02	9/30/02	8/31/02	7/31/02	6/30/02	5/31/02	4/30/02	3/31/02	2/28/02	1/31/02
Gross Utility Plant in Service	3,863,491	3,708,756	3,708,812	3,710,671	3,652,854	3,652,854	3,652,854	3,649,046	3,649,046	3,649,046	3,661,738	3,661,926
Accumulated Depreciation	(1,435,265)	(1,406,916)	(1,397,068)	(1,389,024)	(1,379,266)	(1,369,508)	(1,359,750)	(1,351,218)	(1,341,472)	(1,331,725)	(1,334,649)	(1,324,916)
Non AFUDC CWIP	-	55,911	39,566	35,999	87,030	81,066	76,803	34,289	30,513	30,505	30,295	28,425
Net Plant	2,428,226	2,357,752	2,351,310	2,357,646	2,360,619	2,364,413	2,369,908	2,332,117	2,338,088	2,347,826	2,357,385	2,365,435
Additions:												
Property Held for Future Use	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tank Painting	1,998	2,165	2,333	2,500	2,667	3,835	3,002	3,169	3,337	3,504	3,671	3,839
Deferred Intake Cleaning	-	-	-	-	-	-	-	-	-	-	-	-
Materials and Supplies	21,875	19,055	20,128	20,001	20,594	20,341	20,674	20,658	42,518	19,190	19,510	19,440
Cash Working Capital	54,609	54,852	54,971	56,429	55,869	67,102	65,519	71,194	71,669	71,252	70,965	69,538
Accum. Amort. Of CIAC	434,083	415,637	415,637	415,637	415,637	415,637	415,637	415,637	415,637	415,637	415,637	415,637
Corporate Allocation	(32,673)	163,653	163,270	164,036	160,546	159,848	154,523	153,406	152,896	151,380	145,179	145,858
Deductions:												
FAS 87 Pension Reserve	1,859	1,967	2,074	2,181	2,277	2,385	2,492	2,611	2,718	-	-	-
Customer Advances	-	-	-	-	-	-	-	-	-	-	-	-
CIAC	(922,519)	(922,519)	(922,519)	(922,519)	(922,519)	(922,519)	(922,519)	(922,519)	(922,519)	(922,071)	(922,071)	(922,071)
Deferred Federal Taxes	(271,353)	(271,353)	(271,353)	(271,353)	(271,353)	(271,353)	(271,353)	(271,353)	(271,353)	(271,353)	(271,353)	(271,353)
Deferred State Taxes	(62,430)	(62,430)	(62,430)	(62,430)	(62,430)	(62,430)	(62,430)	(62,430)	(62,430)	(62,430)	(62,430)	(62,430)
Total Adds & Deducts	(774,550)	(598,972)	(597,889)	(595,518)	(598,712)	(587,154)	(594,455)	(589,627)	(567,527)	(594,891)	(600,892)	(601,542)
Original Cost Rate Base	1,653,676	1,758,780	1,753,420	1,762,128	1,761,907	1,777,259	1,775,453	1,742,490	1,770,561	1,752,935	1,756,493	1,763,893
Net Operating Income Running 12 m	148,277	133,306	130,109	120,640	141,011	61,483	68,637	22,700	17,836	23,399	20,130	34,174
Return on Rate Base	8.97%	7.58%	7.42%	6.85%	8.00%	3.46%	3.87%	1.30%	1.01%	1.33%	1.15%	1.94%
Allowed Return on Rate Base	9.30%	9.30%	9.30%	9.30%	9.30%	9.30%	9.30%	9.30%	9.30%	9.30%	9.30%	9.30%
(Docket 00-0337,00-0338,00-0339 (Consol.))												
Cash Working Capital Computation	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
O & M YTD	379,438	322,270	292,591	269,647	237,795	205,696	170,028	144,368	119,316	96,985	66,350	35,163
O & M 12Mos Prior Year	536,775	536,775	536,775	536,775	536,775	536,775	536,775	536,775	536,775	536,775	536,775	536,775
O & M to date last year	536,775	471,255	435,084	395,765	364,937	237,020	208,804	132,313	101,515	76,831	43,837	17,216
O & M Running 12 mos	379,438	387,790	394,282	410,657	409,633	505,451	497,999	548,830	554,576	556,929	559,288	554,722
Taxes Other Than Income	100,754	91,561	83,285	75,095	66,883	58,401	50,006	41,654	33,355	25,048	16,849	8,228
-Bad Debt Expense	16,795	16,222	15,694	14,430	11,880	11,561	10,592	9,883	5,735	5,326	3,994	4,434
-Property Tax Expense	15,312	14,036	12,760	11,484	10,208	8,932	7,656	6,380	5,104	3,828	2,552	1,276
-Amortization-Rate Case Expense	11,214	10,279	9,345	8,410	7,476	6,541	5,607	4,672	3,738	2,803	1,869	934
Op Expense Requiring Work Cap	436,871	438,814	439,768	451,428	446,951	536,817	524,150	569,548	573,354	570,020	567,722	556,306
Cash Working Cap	54,609	54,852	54,971	56,429	55,869	67,102	65,519	71,194	71,669	71,252	70,965	69,538
Pension Reserve Computation	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Total Pension Reserve (DB+ CR-)	91,148	96,409	101,671	106,932	111,628	116,896	122,157	127,977	133,238	154,283	154,283	154,237
Division Pension Expense	1,288	1,181	1,074	966	859	752	644	537	429	-	-	-
Total Pension Expense	63,135	57,874	52,613	47,351	42,090	36,829	31,568	26,306	21,045	-	-	-
Div. Pension %	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	0.00%	0.00%	0.00%
Division Pension Reserve Allocation	1,859	1,967	2,074	2,181	2,277	2,385	2,492	2,611	2,718	-	-	-
Division Pension Reserve Allocation	2,395,229	2,323,184	2,226,875	2,107,588	1,955,875	1,792,566	1,605,421	1,401,741	1,167,354	-	-	-

There are no workpapers other than the Schedules submitted with this Exhibit.

Detailed Summary of Invoices Supporting Costs
for Eligible QIPS Projects
(Section 656.80 (h)(2))

As of 12/31/02

WMR- Section 6		400251980215419
CIWC Labor	1051	\$ -
Contractor	1052	\$ 1,006.75
CIWC Material	1053	\$ -
Overhead	1056	\$ -
Misc Other	1057	\$ -
Project Total:		\$ 1,006.75

WMR-Woodhaven Dr Sec6		400251980215417
CIWC Labor	1051	\$ 9,317.47
Contractor	1052	\$ 88,891.64
CIWC Material	1053	\$ -
Overhead	1056	\$ 9,317.47
Misc Other		
Project Total:		\$ 107,526.58

Total 2002 QIP Eligible Costs \$ 108,533.33

Note: Actual invoices available for inspection upon request.

2002 QIPS PROJECTS
PRUDENCE of QIPS INVESTMENT

SECTION 1 - OVERVIEW

The 2002 Qualifying Infrastructure Plant Surcharge (QIPS) projects for the Woodhaven-Water Division of Consumers Illinois Water Company were started after January 1, 2002 and were placed in service before December 31, 2002. These projects all met the following criteria:

1. The plant additions were replacements of existing plant items from the accounts listed below.
2. The replacements are non-revenue producing.
3. The replacements were installed to replace facilities that were worn out or in deteriorated condition.
4. The replacements were installed after the conclusion of the test year in the utility's last rate case, which in the instance of the Woodhaven-Water Division was Docket 00-0338, which had a test year of 2001 (future test year).
5. The replacements were not included in the calculation of the rate base in the Woodhaven-Water Division's last rate case, 00-0338.

The plant additions only included items from the following accounts pursuant to 83 Ill. Admin. Code 605:

1. Account 331, Transmission and Distribution Mains
2. Account 333, Services

As indicated above, the 2002 Qualifying Infrastructure Plant projects only included plant additions installed on or after January 1 of the year in which the Company filed its initial QIPS rider.

SECTION II – DESCRIPTION OF PROJECTS

ACCOUNT 331 – TRANSMISSION AND DISTRIBUTION MAINS

The Woodhaven-Water Division for the year 2002 replaced 2,195-feet of worn out and deteriorated 10 inch PVC water main in three different locations of the distribution system. The original main consisted of 10 inch SDR 26 PVC with glued bell joints. A number of breaks have occurred on this main. The type of breaks on this main would start with a failure at the bell joint then split the 20 foot section of pipe to the other bell joint, causing severe damage to roadways and private property. This type of failure would drain the water tower in 30 minutes causing system wide boil orders and create poor quality water in the remainder of the distribution system.

The first section replaced 270 feet of the 10 inch SDR 26 PVC with glued bell joints with 270 feet 10 inch C-900 PVC gasket slip joint with gate valves & accessories in unit 15 on Woodland Trail

The second section replaced 1,865 feet of the 10 inch SDR 26 PVC with glued bell joints with 1,865 feet 10 inch C-900 PVC gasket slip joint with 13 service connections, gate valves, main connection tie ins, fittings & accessories. This main is in Unit 6 on Woodhaven Drive West.

The third section replaced 60 feet of the 10 inch SDR 26 PVC with glued bell joints at a creek bed crossing at the Bass Lake spillway with 60 feet of 10 inch C-900 PVC inside a 18 inch steel casing with connections.

ACCOUNT 333 – SERVICES

During the above transmission main replacement, two (2) service lines were replaced due to their deteriorated condition. The other existing service lines were reconnected to the new water transmission main.


SECTION III - PROCEDURES

The projects included in the 2002 QIPS program for the Woodhaven-Water Division were evaluated for replacement using the most-sound option from an engineering standpoint as well as the least-cost option through design, bidding and construction. Field data was used as the basis of design, which was completed by using the lowest-cost competitive bid from consulting engineers. Once the design was completed, the projects were competitively bid to outside contractors and the lowest-cost, qualified bidder was awarded the job. The materials (water main and fittings, service materials, brass goods, and valves) used for the job were purchased through a competitive bidding process.

Services and valves also were replaced through a competitive bidding process.

Officer Verification

I, Terry J. Rakocy, hereby verify that: (1) I am President of Consumers Illinois Water Company; (2) the accompanying revised reconciliation of operation of the QIPS Rider during 2002 for the Woodhaven-Water Rate Area (Exhibit "C") was prepared by me or under my supervision; (3) I am familiar with the facts set forth in the revised 2002 reconciliation (Exhibit "C"); and (4) the revised 2002 reconciliation (Exhibit "C") is true and correct to the best of my knowledge.


Terry J. Rakocy
President
Consumers Illinois Water Company

State of: Illinois County of: Kankakee

Subscribed and sworn to before me this 25th day of March, 2003.

Notary Public: Jane Zinanni

My Commission expires: 12-29-06

